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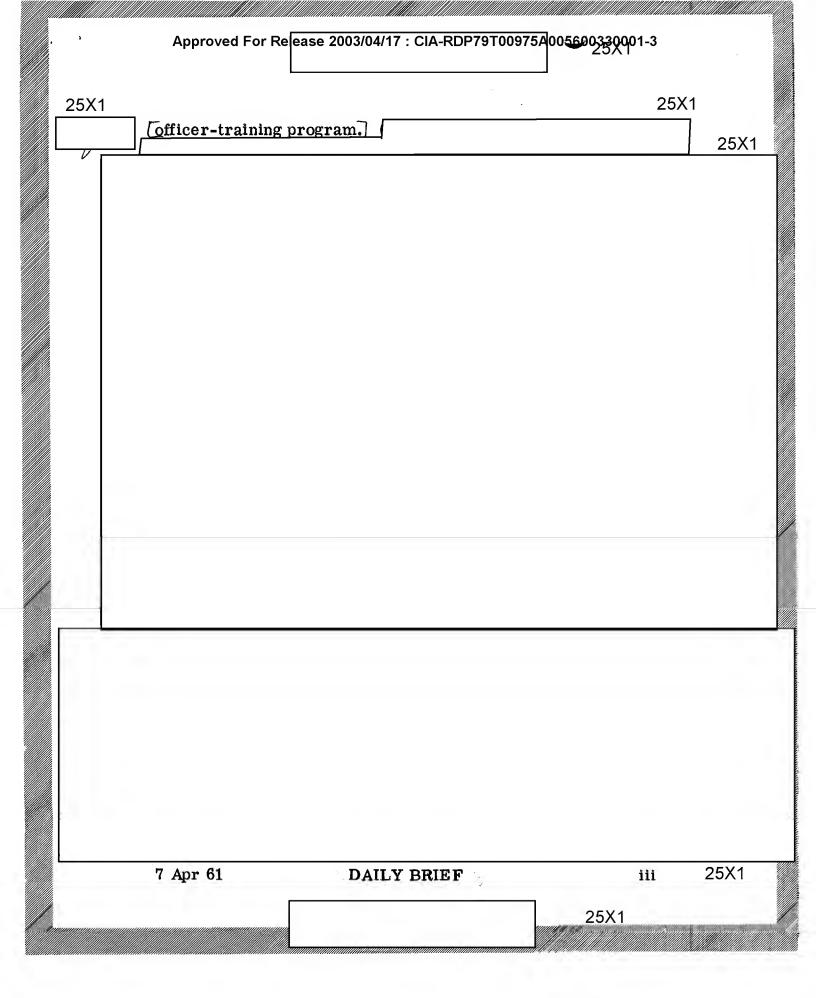
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Communist China - Southeast Asia: The Chinese Communists are showing concern over the effect Soviet military and economic aid is having on their position in Southeast Asia. While in Djakarta last week, Chinese Foreign Minister Chen Yi told his Indonesian counterpart who passed the information to the US ambassador that Indonesia ought to "go slow" in taking aid from the Soviet Union. Along the same lines, the Chinese Communist ambassador to Burma, is reported to have attached the "utmost importance" to finding out whether Ne Win would seek Soviet military aid during his current trip to the USSR. The ambassador suggested that the Chinese Government would be willing to provide the Burmese with military aid and mentioned an 25X1	Approved For Indie	ase 2003/04/17 : CIA-RDP79T00975		25X1
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Peiping Concerned Over Soviet Aid to Southeast Asia

There has been some evidence of past Sino-Soviet competition in aid programs to the underdeveloped Asian nations, both Communist and non-Communist. Thus, in the case of aid to the Asian satellites, China's offer of a \$50,000,000 credit to Outer Mongolia last May was followed in September by an offer of Soviet aid three times as large. A Chinese credit of \$105,000,000 extended to North Korea last October was countered by the USSR's canceling \$190,000,000 of North Korea's debt in November. When the Soviet Union made an offer of \$112,000,000 to North Vietnam in December, the Chinese responded with a \$157,000,000 credit in January.

In the case of Burma, China extended an interest-free, long-term credit of \$84,000,000 last January, the largest ever made by Peiping to a non-Communist country. In March, the commercial counselor of the Soviet Embassy in Rangoon is reported to have declared that the USSR would have to redress the balance vis-a-vis Communist China either through increased loans or grant aid. U Nu has declared that Burma would turn to the Soviet Union or Communist China for arms only if adequate supplies were not forthcoming from either the US or the UK.

Soviet military and economic assistance extended to Indonesia amounts to almost \$900,000,000,far in excess of Communist China's economic aid program, which has been bogged down since the outbreak of the Sino-Indonesian dispute in 1959. During his visit to Indonesia last week Chen Yi expressed Peiping's willingness to resume its aid.

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